



**United States Department of Agriculture
Rural Development**

April 15, 2004
Colorado AN No. 1925 (HB-1-3550)

**SUBJECT: 502 Direct SFH Applicants
Who Own Mobile Homes**

To: USDA/Rural Development Staff
Single Family Housing Program
Colorado

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to give guidance to agency personnel concerning processing loans for applicants who own a mobile home.

COMPARISON WITH PREVIOUS AN:

This replaces Colorado AN 1872(HB-1-3550), which has expired.

IMPLEMENTATION RESPONSIBILITIES:

Local Offices will occasionally receive an application from an individual or family who already own a mobile home. USDA Rural Development staff will need to determine whether the applicant's mobile home provides "adequate housing" (is it structurally unsound, functionally inadequate, or too small to accommodate the needs of the family?) before funds can be provided to purchase a new dwelling.

Since a mobile home is considered a nonretirement asset (3550 HB-1 pages 4-12 & 13, Chapter 4) the following policy will be used as guidance when counseling the prospective applicant:

EXPIRATION DATE:
April 30, 2005

FILING INSTRUCTIONS:
3550 Handbook 1, Appendix 7

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www.rurdev.usda.gov/co/index.html

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1. Eligible applicants are to be counseled early by USDA/Rural Development staff, that a condition of loan approval will be the advertising/listing of their mobile home. For self-help new construction, advertising/listing of the applicant's mobile home will occur within the first 90 days after construction begins.

NOTE: The goal is to have the mobile home sold (cash sale, not owner carried) by the time the homeowner moves into their completed home.

2. Any debt that may be owed against the mobile home should not be considered in the underwriting ratios, unless the market value is less than the debt.

3. HB-1 does say that the cash value of nonretirement assets(i.e. net equity) greater than \$7,500 for nonelderly households or \$10,000 for elderly households must be used towards the purchase of the property. This cash value (i.e. net equity) in excess of \$7,500/\$10,000 is to be deposited into the homeowner's supervised bank account upon closing of the transaction or immediately refunded on the loan. For new construction, when the house is completed and all bills have been paid, a refund on the loan or additional improvements may be considered.

4. The key here is to “**actively market**” the home. “**Active marketing**” means to price the mobile home at its current market value and monitor prospective buyer contacts every month. If there is very little interest, then the asking price should be lowered and readvertised. Each month an evaluation should be made as to the asking price. This close monitoring by the homeowner, self-help sponsor (as applicable) and USDA/Rural Development should ensure a sale of the mobile home.

NOTE: The above policy, managed aggressively should result in very few exceptions being requested.

GINETTE DENNIS
State Director